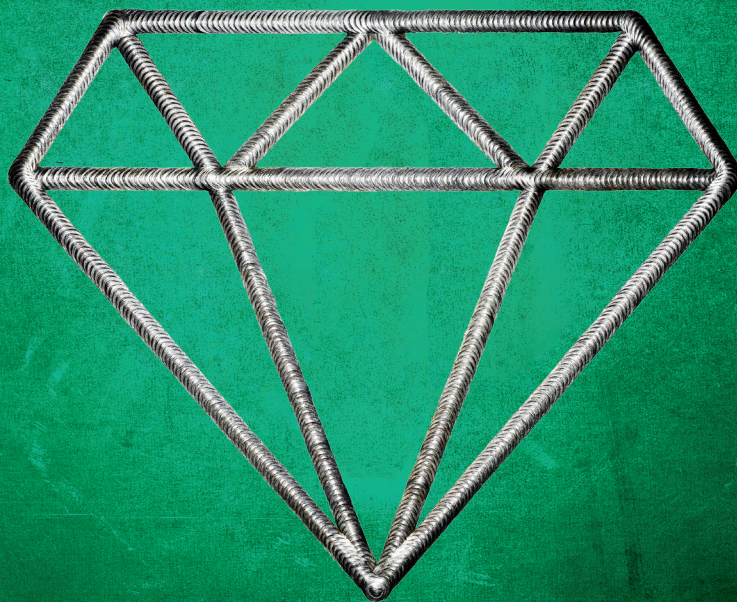


# CORPORATE RESPONSIBILITY REPORT

REQUIRED STATEMENT OF CORPORATE RESPONSIBILITY  
ACCORDING TO THE DANISH FINANCIAL STATEMENT ACT

# 2015







micatronik

Corporate Responsibility is an internationally recognised term referring to a company's considerations of securing a sustainable and responsible development.

The official definition of 'responsibility' is evident in the Danish Financial Statement Act § 99a, which Migatronik A/S is assigned to:

"Corporate responsibility is understood as the considerations of human rights, social and environmental influence as well as fights against corruption which companies voluntarily incorporate in their business strategy and activities."

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

In Migatronik, we consider responsibility as a natural part of the company's business principles. We continuously initiate projects to improve the working environment for our employees, to protect the environment and to contribute to a positive and sustainable societal development everywhere we operate.

The objective of integrating social and environmental considerations in all parts of the organisation is to build strong relations to Migatronik stakeholders: customers, suppliers, employees, authorities, local communities and competitors.

Corporate responsibility both influences and limits our business activities. We carefully consider which responsibility activities we initiate and how we execute them.







## OUR BUSINESS

### CREATING WELDING VALUE

MigatroniC is among the world's technologically leading manufacturers of welding machines and automated welding solutions. Our product assortment ranges from small portable welding machines to high-end robots.

In addition to the physical product, we provide professional customer service and support in the form of training courses, welding demonstrations and technical advice.

We are committed to ensuring Welding Value at every level for everyone using our products. Welding Value expresses our ambition to supply innovative welding solutions and professional support.

Technology is meant to serve man, not the other way around. Therefore, high priority is assigned to functionality and user-friendliness. As a result, our welding machines are known to be easy to use.

We are market leaders in Denmark and have more than 40 years of experience in developing, manufacturing and marketing welding machines and accessories in the business.

We market our products and solutions worldwide and are represented by subsidiaries in ten European countries and sales units in India and China.



## RESPONSIBILITY IN THE VALUE CHAIN

Migatronic's value chain is the point of departure for the activities of responsibility which we initiate. Our value chain also defines in which part of the organisation the activities are carried out.

Our value chain includes:



### R&D

#### ENVIRONMENTAL IMPACT

To us, responsibility is relevant not only in the framework of our own organisation but also when our welding machines and solutions have been put into service by our customers.

We develop technological features for existing and new machine models that ensure less environmental impact during the service life of the machines.

This is for instance reflected in features that reduce power consumption or features that reduce the consumption of gas by up to 50 %.

In other words, we help our customers to improve their environmental performance.

#### ERGONOMICS

Flexibility, mobility and ergonomically correct working postures for users of our welding machines are top priorities for our developers.

The design of our user-friendly welding torches allows welders ergonomically correct and varying working postures.

In this way, we help ensure good physical conditions for users of our welding machines and help diminish the risk of repetitive strain injuries.



## **PURCHASING & SOURCING**

### **SUPPLY CHAIN MANAGEMENT**

Since our ISO: 9001 certification, we have worked with responsible supply chain management, including supplier approvals. We visit all essential/ critical suppliers at least once a year. Our Code of Conduct is an important tool for evaluating and approving our suppliers.

We evaluate our suppliers on working environment, including employee and environmental conditions, plus general worker privileges, human rights and anti corruption.

Purchases in 2015 are divided into 45.8 % from Scandinavia, 16.1 % from Western Europe, 8.5 % from Southern Europe and 29 % from the Far East.



## PRODUCTION

### PRO-ENVIRONMENTAL PRODUCTION

The Migatronic group has no production processes that can be described as harmful to the environment.

Throughout the years, we have invested in environmentally friendly processes, such as powder coding to replace wet coding. Migatronic is not registered as a company with a high environmental impact.

### WASTE AND RECYCLING

Our products are subject to the requirements of the WEEE directive regarding environmentally correct disposal of electrical and electronic products as well as reuse of waste wherever possible. The aim is to minimise the environmental impact from electronic waste.

We have the necessary resources and systems to reuse electrical and electronic products and limit the amount of electronic waste and thus comply with the directive.

### HAZARDOUS SUBSTANCES

Migatronic is also subject to the requirements of the RoHS directive, the aim of which is to restrict the use of certain hazardous substances in electrical and electronic products.

We have taken action regarding unleaded soldering in the production, and our products are RoHS compliant.

### SOCIAL RESPONSIBILITY - WORKSHOP

Part of the recycling process takes place in our work-experience workshop which was originally established in cooperation with local authorities.

In this workshop, temporary employees sort electrical and electronic waste, produce wiring harnesses etc.

This initiative is part of a scheme that facilitates work ability tests of persons who are unemployed for health or social reasons. Over the years, we have helped over 300 persons to get jobs, reduced-hours jobs or early retirement pensions.

Opening our doors for people with limited access to regular jobs is an important element in showing social commitment and responsibility in the local community.



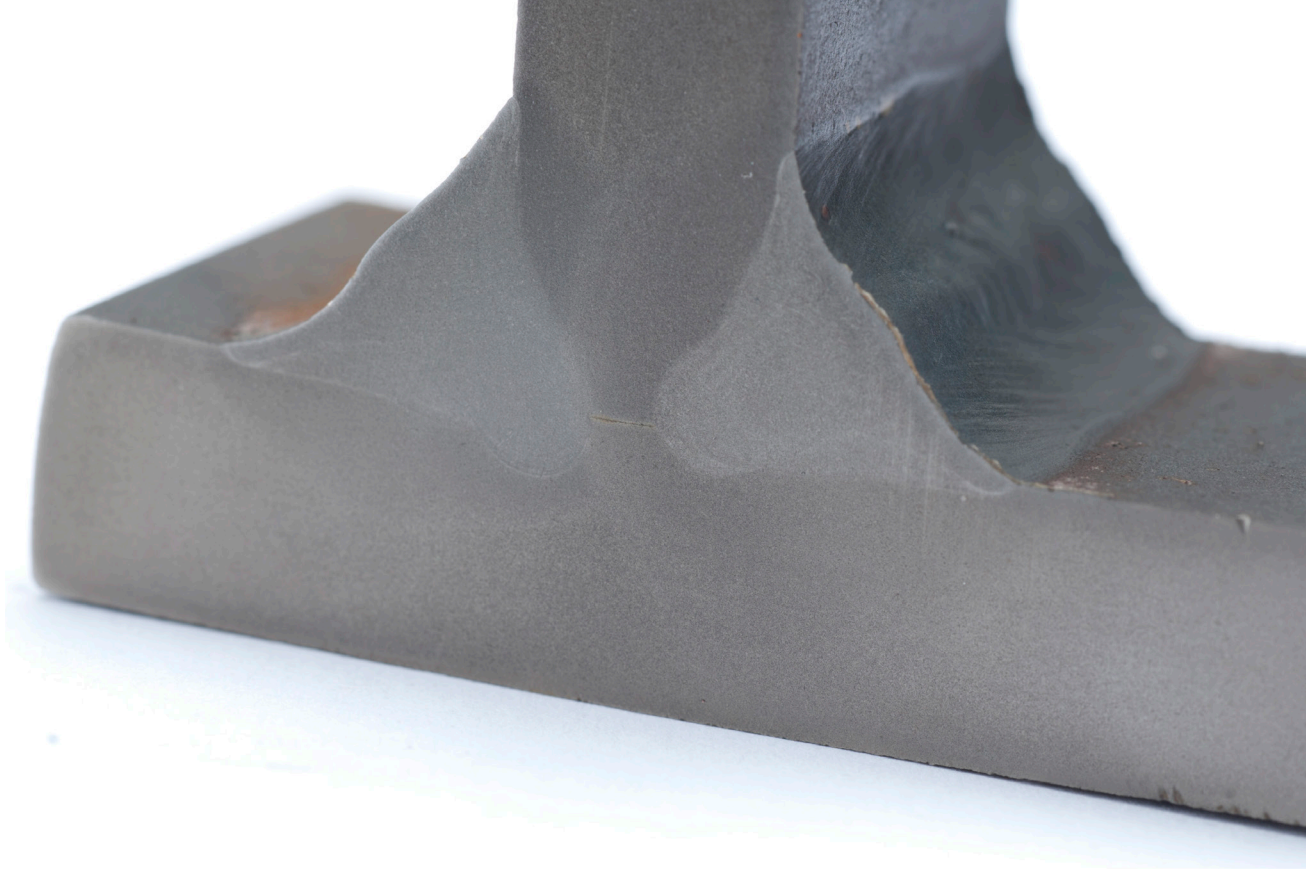
## SALES

### RESPONSIBILITY

We market our products in more than 40 countries worldwide. Around 66 % percent of the revenue derive from export markets where sales take place primarily through dealers and importers.

Dealers and importers are important partners and ambassadors for Migatronik, also in terms of business methods and ethics which are described in our Code of Conduct.





## WORKING ENVIRONMENT

### EMPLOYEES

Since the establishment of Migatronic in 1970, one of our core values has been social responsibility, in particular in relation to our employees.

We aim to create a healthy and inspiring work environment offering our employees assignments and challenges, that fit their competencies and ambitions, as well as great career development opportunities.

We have a reliable and loyal workforce that is motivated by working in a company allowing its employees to follow products all the way from initial concept to sale of the final product to customers.

### HEALTH

Employees in the production area rotate between different work functions to avoid monotonous work.

The “Exercise at Work” scheme applies to all employees in Fjerritslev and includes seven minutes of exercise every day – typically a quick walk around the factory.

## HUMANS AND CLIMATE

### HUMAN RIGHTS

Migatronic does not have an actual human rights policy.

### CLIMATE IMPACT

Migatronic does not have an actual climate impact policy.



## RESPONSIBILITY IN 2015

Specific efforts and initiatives in 2015:

- Finishing the drawing up of a Code of Conduct.
- Organising our responsible supply chain management.
- Continue working with handling stress among employees.

### CODE OF CONDUCT

We finished drawing up a Code of Conduct for all our employees and suppliers. Code of Conduct describes how we do business and how we expect our suppliers to do business.

The guidelines of our Code of Conduct are based on the United Nations Global Compact, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

We want to be a responsible and credible partner focusing on ethical, social and environmental matters. Our Code of Conduct also forms the basis of responsible supply chain management.

### RESPONSIBLE SUPPLY CHAIN MANAGEMENT

In 2015, we increased our focus on responsible supply chain management. Among other things, our Code of Conduct is used actively in the work with supplier evaluations.

### HANDLING OF STRESS

Handling of stress among our employees is centred around well-being and job satisfaction which are preconditions for preventing stress.

In 2015, the working environment committee completed a combined stress policy and contingency plan, which was followed up by a training course for all leaders in the prevention and handling of stress.

Efforts will continue in 2016, and well-being and job satisfaction will become topics in staff development interviews and work place evaluations.



## RESPONSIBILITY IN 2016

Migatronik's efforts and initiatives for 2016 should first of all build on the existing projects.

The initiatives are:

- More focus on working with responsible supply chain management.
- Continue working with well-being and job satisfaction.
- Focus on sickness absence.





## THE UNDERREPRESENTED GENDER

### TOP MANAGEMENT BODY

The top management body is the supervisory board, with four members elected at the annual general meeting of shareholders, all of which are men.

Additionally, there are two members elected by the employees, one of which is a woman.

The most important criterion for electing members to the supervisory board is that candidates have the right professional competencies in relation to the company's business and the competencies of the other supervisory board members.

The supervisory board acknowledges that a more equal gender balance may have a beneficial influence on the work in the supervisory board and in the company in general. That is why we have an ambition of having at least one woman on the supervisory board in 2017 at the latest, equal to 25% of the members elected at the annual general meeting of shareholders. In 2015, there were no qualified female candidates for the supervisory board.

Relevant and qualified supervisory board members are to be found in industrial enterprises. There are few women in executive positions in the industry which makes it difficult to attract women with the right competencies to a company like Migatronik.

### OTHER MANAGEMENT LEVELS

In the other management levels, the share of female managers was 41% as against 31% in 2014.

Many of the female managers have been recruited internally. This reflects an open-minded culture in the company, allowing each individual employee to unfold his or her competencies and potentials in the best possible way, regardless of gender.

The most important criterion for electing managers is that candidates have the right professional competencies in relation to a given job and the other management team members. The final selection is always based on an overall consideration of job profile and candidate's competencies.

Migatronik aims to continue having a large share of female managers.